



**Australian  
Agricultural  
Projects  
Limited**

ABN: 19 104 555 455

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## **MARKET UPDATE QUARTER ENDED 30 SEPTEMBER 2021**

**ANNOUNCEMENT**

**26 OCTOBER 2021**

Australian Agricultural Projects Limited (**Company**) (ASX: **AAP**) is pleased to present its report for the quarter ended 30 September 2021 and advises:

- The post-harvest period has seen high levels of rainfall which has had minor impact on the timing of some orchard activities. The orchard is in good health and the level of flower buds that are presenting across the whole of the orchard is consistent with management's expectations. The newly planted areas are all showing good bud development supporting the likelihood that they will be harvested for the first time this year. The flowers are expected to open over the first two weeks of November, and we will be able to report on flowering and fruit set in the next quarterly report.
- The high rainfall has also resulted in high inflows into the dams that feed the irrigation system and water allocations in the local irrigation district have already reached 100%. Management is confident that water will be available to the orchard for the whole of the season at prices much closer to historical averages. Further, as a consequence of the water recovered under the Golburn Murray Water Connections Project, the Company has been issued additional permanent and low reliability water shares. These shares were received in October 2021.
- Preparations for the replanting of the next portion of the orchard have commenced with the ordering of materials despite the initial earthworks being delayed as a consequence of the wet conditions. The current planning is for this last tranche of the replanting to be completed in March 2022.
- Orchard management expect all oil to be delivered to Cobram Estate Limited by the end of November in support of the Cobram Estate and Redisland brands of olive oil. We have received budget farm gate pricing for the 2021/22 financial year which reflects the increase in the retail shelf price of Australian extra virgin olive oils which has occurred over the past 12 months.
- We remain conscious of the impact of the COVID-19 virus and continue to enforce preventative practices at the orchard. We are pleased to report that the virus has had little impact on operations to date.

### **Quarterly cash flow**

The cash receipts for the September quarter amounted to \$1,364,000 which compares with \$423,000 for the same period last year, and the operating surplus was \$488,000 compared with \$22,000 for the same period last year. This result is consistent with budgeted cashflows resulting from the improved 2021 harvest.

The Company forecasts that it will continue to operate with a surplus operating cash flow for the December 2021 and March 2022 quarters as the majority of the proceeds from the sale of oil are received before deficit operating cashflows in June 2022 as the costs for the annual harvest are incurred. This pattern is consistent with the normal cashflows of the business.

The payments to related parties of the Company set out in section 6 of the attached Appendix 4C represents salary and superannuation entitlements and company secretarial fees paid to the directors during the quarter.

### **AUTHORISED BY:**

#### **The Board of Directors**

**Enquiries may be directed to:**

Paul Challis – Managing Director

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## Appendix 4C

### Quarterly cash flow report for entities subject to Listing Rule 4.7B

**Name of entity**

AUSTRALIAN AGRICULTURAL PROJECTS LIMITED

**ABN**

19 104 555 455

**Quarter ended ("current quarter")**

30 SEPTEMBER 2021

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date ( 3 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	1,364	1,364
1.2 Payments for		
(a) research and development		
(b) product manufacturing and operating costs	(451)	(451)
(c) advertising and marketing		
(d) leased assets		
(e) staff costs	(176)	(176)
(f) administration and corporate costs	(98)	(98)
1.3 Dividends received (see note 3)		
1.4 Interest received		
1.5 Interest and other costs of finance paid	(151)	(151)
1.6 Income taxes paid		
1.7 Government grants and tax incentives		
1.8 Other (Government grants)		
<b>1.9 Net cash from / (used in) operating activities</b>	<b>488</b>	<b>488</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) entities		
(b) businesses		
(c) property, plant and equipment		
(d) investments		
(e) intellectual property		
(f) other non-current assets		

Consolidated statement of cash flows	Current quarter \$A'000	Year to date ( 3 months) \$A'000
2.2 Proceeds from disposal of:		
(a) entities		
(b) businesses		
(c) property, plant and equipment		
(d) investments		
(e) intellectual property		
(f) other non-current assets		
2.3 Cash flows from loans to other entities		
2.4 Dividends received (see note 3)		
2.5 Other (provide details if material)		
<b>2.6 Net cash from / (used in) investing activities</b>	-	-

<b>3. Cash flows from financing activities</b>		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)		
3.2 Proceeds from issue of convertible debt securities		
3.3 Proceeds from exercise of options		
3.4 Transaction costs related to issues of equity securities or convertible debt securities		
3.5 Proceeds from borrowings	50	50
3.6 Repayment of borrowings	(305)	(305)
3.7 Transaction costs related to loans and borrowings		
3.8 Dividends paid		
3.9 Other (provide details if material)		
<b>3.10 Net cash from / (used in) financing activities</b>	<b>(255)</b>	<b>(255)</b>

<b>4. Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1 Cash and cash equivalents at beginning of period	135	135
4.2 Net cash from / (used in) operating activities (item 1.9 above)	488	488
4.3 Net cash from / (used in) investing activities (item 2.6 above)		

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date ( 3 months) \$A'000</b>
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(255)	(255)
4.5	Effect of movement in exchange rates on cash held		
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>368</b>	<b>368</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	368	135
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>368</b>	<b>135</b>

**6. Payments to related parties of the entity and their associates**

6.1 Aggregate amount of payments to related parties and their associates included in item 1

6.2 Aggregate amount of payments to related parties and their associates included in item 2

<b>Current quarter \$A'000</b>
50
-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

The amount in item 6.1 includes payment for:

Salary and superannuation	38
Secretarial fees	12

## Quarterly cash flow report for entities subject to Listing Rule 4.7B

**7. Financing facilities**

Note: the term "facility" includes all forms of financing arrangements available to the entity.

Add notes as necessary for an understanding of the sources of finance available to the entity.

	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1 Loan facilities	6,659	6,659
7.2 Credit standby arrangements	-	-
7.3 Other	-	-
7.4 <b>Total financing facilities</b>	6,659	6,659

7.5 **Unused financing facilities available at quarter end** -

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

Syndicated Loan facility

- Amount \$5,192,500
- Lender: Various syndicate members
- Interest Rate 9.0% pa
- Matures August 2022
- Secured

Shareholder Loan Facility

- Amount \$1,466,000
- Lender Various shareholders
- Interest Rate 7.66% pa (weighted average)
- Matures October 2023
- Unsecured

<b>8. Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (Item 1.9)	488
8.2 Cash and cash equivalents at quarter end (Item 4.6)	368
8.3 Unused finance facilities available at quarter end (Item 7.5)	-
8.4 Total available funding (Item 8.2 + Item 8.3)	368
8.5 <b>Estimated quarters of funding available (Item 8.4 divided by Item 8.1)</b>	n/a

8.6 If Item 8.5 is less than 2 quarters, please provide answers to the following questions:

1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer:

2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer:

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer:

### Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 26 October 2021

Authorised by: The Board of Directors.

(Name of body or officer authorising release – see note 4)

### Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.